IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1944

No. 912

BULLDOG ELECTRIC PRODUCTS CO.,
a Corporation of West Virginia,
Petitioner,

v.

WESTINGHOUSE ELECTRIC AND MFG. COMPANY,
a Corporation of Pennsylvania,
Respondent.

PETITION FOR WRIT OF CERTIORARI

AND

BRIEF IN SUPPORT THEREOF

ABRAHAM J. LEVIN,
2090 National Bank Bldg.,
Detroit 26, Michigan,
Attorney for Petitioner.

DANIEL G. CULLEN,
Of Counsel.

MOERS, INC., 170 E. LARNED ST., DETROIT, MICH.

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To the Honorable the Chief Justice of the United States, and the Associate Justices of the Supreme Court of the United States:

Your petitioner, BullDog Electric Products Company (BullDog) respectfully prays that a Writ of Certiorari issue to review an order (R. 31) of the United States Circuit Court of Appeals for the Second Circuit. That

order, entered on motion of respondent, Westinghouse Electric and Mfg. Company, (Westinghouse) dismissed, for want of appellate jurisdiction, an appeal from an order of the District Court for the Eastern District of New York, ordering that certain defenses commonly called unclean hands, or public interest defenses of monopoly and restraint of trade, set forth in detail below, be stricken from a Reply of the counter-defendant, BullDog, petitioner herein. The Reply was filed in response to a Counterclaim for declaratory judgment of invalidity and non-infringement, and for injunction against the petitioner's use and assertion of its own patent.

The Counterclaim was filed in a pending patent infringement suit by the defendant therein, Westinghouse, respondent herein.

STATEMENT

1. BullDog filed a patent infringement complaint against Westinghouse, based on several patents for Busway, a bus bar system for electrical distribution.

2. Westinghouse filed a conventional answer to the busway patent complaint of BullDog—and—in addition—counterclaimed (R. 9).

a) for a declaratory judgment of invalidity, and

b) for an injunction against BullDog's assertion and use of its (BullDog's) patent No. 2,285,770, relating to Circuit Breakers, a type of switch.

Neither this patent, No. 2,285,770 nor its subject matter, circuit breakers, were involved in the original complaint; they were introduced into the litigation for the first time by Westinghouse, in this declaratory judgment counterclaim.

The counterclaim or declaratory judgment action is thus seen to be in no way related to the original complaint but is rather a new, original, aggressive action, in equity, by Westinghouse against BullDog, seeking to destroy BullDog's patent and to enjoin BullDog's use or assertion of it.

3. In its Reply (R. 18) to that attacking counterclaim of Westinghouse for declaratory judgment and injunction, BullDog not only met the usual technical patent issues, but, in addition, pleaded certain defenses as follows:

A. The defenses of the business conduct of Westinghouse in circuit breakers, commonly called the public interest or unclean hands defenses, and directed to monopoly, unclean hands, price fixing, restraint of trade, conspiracy, etc. (Paragraphs of the Reply, Preamble, II, IX, X, XI, XII-1, XIII-2) (R. 18-24).

B. The defense that Westinghouse has abused the processes of the Courts by splitting up the circuit breaker patent controversy between the companies into two different jurisdictions.* (Paragraphs of the Reply, III, and XIII-3) (R. 19, 24).

C. The jurisdictional defense that the District Court lacks jurisdiction to decree invalidity, as contrasted with a decree of injunction against BullDog's enforcement of its patent. (Paragraphs of the Reply, XII and XIII-4) (R. 22, 24).**

4. On motion of Westinghouse, (R. 26) the District Court, on August 17, 1944 entered an order (R. 29) to strike these defenses from the Reply. (The Opinion of the District Court may be found at (R. 27).)

5. On September 5, 1944, BullDog noticed an appeal to the Circuit Court of Appeals (R. 30).

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*Westinghouse sued BullDog, in West Virginia, on Westinghouse circuit breaker patents, only a few weeks, less than a month before it filed this declaratory judgment action by counterclaim in New York for invalidity of the BullDog circuit breaker patent, No. 2,285,-770.

**This defense, raising the Constitutional question of jurisdiction, presents, for examination, a review of the functions of a District Court in a patent case.

6. Thereupon, Westinghouse moved to dismiss (R. 1) such appeal on the ground that the order of the District Court appealed from was not a final order of decision and therefore the Circuit Court of Appeals was without jurisdiction to entertain the appeal.

7. The Motion to Dismiss was granted and an order of dismissal entered by the Circuit Court of Appeals (R. 31), despite the argument of BullDog that the order of the District Court to strike the defenses was a denial of an injunction and therefore, although interlocutory, appealable under Section 129 of the Judicial Code (28 U. S. C. 227) permitting appeals from interlocutory orders denying injunctions.

8. There have been numerous other proceedings in this litigation, which ultimately, it is submitted, will bear upon the defenses stricken; but the issue here presented, though substantial in its effect upon petitioner's rights, is narrowed to the right to appeal upon the order to strike.

JURISDICTION

The matter to be reviewed arises in a suit under the patent laws of the United States, Judicial Code, Section 24 (7) (28 U. S. C., Sec. 41-7).

Jurisdiction of this Court is invoked under Section 240 (a) of the Judicial Code, as amended, (28 U. S. C., Sec. 347).

The question involved is one of law, to be determined under the laws relating to equitable defenses, proceedings in equity, appellate jurisdiction, and the laws relating to patents; and was raised by respondent's Motions a) to strike, b) to dismiss the appeal.

There is also involved the question of pleadings and practice before a District Court, over which this Court has supervisory authority and jurisdiction.

THE QUESTION PRESENTED

Where a District Court, in a patent suit, refuses to try the equitable defenses of unclean hands or public interest, ordering them to be stricken out of the pleadings, and thus in effect refuses to stay consideration of the technical patent issues until after such equitable defenses are examined, that action of the District Court, it is submitted, refusing to stay the proceedings on the patent issues, is tantamount to a refusal to enjoin the proceedings on the patent issues, and therefore is a denial of an injunction, such as makes the interlocutory order appealable under Section 129 of the Judicial Code.

REASONS FOR GRANTING THE WRIT

A. This Court has ruled that where a District Court grants or refuses a stay against certain proceedings until after an equitable defense has been tried, such a grant or a refusal is a grant or refusal of an injunction, and is therefore appealable under Section 129, J. C. (*Enelow v. New York Life Insurance Company*, 293 U. S. 379; *Shanferoke Coal and Supply Corporation v. Westchester Service Corporation*, 293 U. S. 449.)

The unclean hands or public interest defense is an equitable defense and should be tried first, before proceeding on the technical patent issues, which are legal issues, triable at law, before a jury. When such defenses are stricken from a responsive pleading, it amounts to a refusal to stay the proceedings on the technical patent or law issues because it eliminates completely from the case the unclean hands or public interest equitable defense which should be tried first but which, because of the order to strike, in effect could not be tried at all.

Thus, the order of the District Court has the effect of refusing to try the equitable defense before the technical patent issues are examined, although it appears to be nothing more than an order to strike the equitable defense from the pleadings. By striking such defense from the pleadings, the order prevents the equitable defense from being tried at all, let alone being tried before the technical patent issues are examined.

B. This Court has permitted this type of defense to be tried, and the case disposed of, *before* the technical patent

issues are examined. *(Morton Salt Company v. G. S. Suppiger Co.*, 314 U. S. 488.)

C. A bar that is required, in patent cases, to represent the public interest adequately, *(Muncie Gear Works, Inc. v. Outboard Marine and Manufacturing,* 315 U. S. 759) must be permitted to plead the public interest defenses and to have such public interest defenses examined before proceeding on the technical patent issues. Otherwise, the recent admonition of this Court to regard the public interest as paramount would, as in this case, be ignored and the exercise of this duty would rest wholly in the discretion of the particular trial judge.

CONCLUSION

Wherefore, it is urged that this petition for a Writ of Certiorari to the Circuit Court of Appeals for the Second Circuit be granted.

Respectfully submitted,

ABRAHAM J. LEVIN,
2090 National Bank Building,
Detroit 26, Michigan,
Attorney for Petitioner,
BullDog Electric Products Co.

DANIEL G. CULLEN,
Of Counsel.

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BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

I. Opinions Below

The opinions below are not reported. The District Court opinion may be found at page 27 of the Record. No opinion for the Circuit Court of Appeals was filed.

II. Statement of the Case

The principal facts are stated in the foregoing petition, p. 3, ante.

III. Specifications of Error

1. The Circuit Court of Appeals erred in not reversing the order of the District Court, dated August 17, 1944.

2. The Circuit Court of Appeals erred in granting the Motion to Dismiss the Appeal, its order being dated October 20, 1944.

3. The Circuit Court of Appeals erred in holding that the order appealed from did not deny an injunction and therefore was not appealable under Section 129, J. C.

4. The Circuit Court of Appeals erred in refusing to apply the rulings of this Court, in the cases of *Enelow v. New York Life Insurance Company,* 293 U. S. 379, and *Shanferoke Coal and Supply Corporation v. Westchester Service Corporation,* 293 U. S. 449, of which cases the Circuit Court of Appeals was made aware by brief and oral argument.

IV. Summary of Argument

1. The unclean hands or public interest defense is an equitable defense.

2. Like any other equitable defenses, it should have been tried before the technical patent or law issues are examined.

3. Whether or not the label "equitable defense" is appropriate, the unclean hands or public interest defense should be tried first, because of the public's interest in it.

4. The order of the District Court prevents the equitable or public interest defenses from being tried at all, let alone first.

5. It, therefore, refuses to stay the proceedings on the technical patent or law questions, until the public interest defense is tried.

6. A refusal to stay the proceedings at law until such a defense is tried amounts to a refusal of injunction.

7. Refusals of injunctions are appealable under Sec. 129, J. C.

8. Regardless of appealability, this Court has jurisdiction to order the public interest defense restored, and tried first (R. S. 917, 28 U. S. C. 730) because the petition raises questions of the mode of framing and filing proceedings and pleadings, and regulation of the practice in suits in equity in the District Courts.

9. The effect of the denial is also to deny the constitutional right to present issues held paramount by this court, all of which is set forth in the Reply of BullDog.

V. Argument

In the stricken paragraphs of the Reply, it is alleged that Westinghouse seeks to destroy BullDog's patent on circuit breakers, No. 2,285,770, and seeks to enjoin BullDog's use of that patent, in order to maintain intact an illegal monopoly which Westinghouse has by this time attained in the circuit breaker business. In the Reply it is alleged that it is to the interest of the public to enjoin Westinghouse from proceeding with its attack against the BullDog patent and with its attempt to enjoin BullDog's use of that patent; and it is also alleged that it is to the public's interest to examine the Westinghouse dominant position in the circuit breaker business and to ascertain whether it is beneficial or detrimental to the public to have the BullDog patent destroyed.*

*THE DUALITY OF WESTINGHOUSE'S ROLE. Westinghouse is not merely seeking to defend itself against a charge of infringement, either by establishing non-infringement, or by successfully establishing the defense that the BullDog patent presents nothing new or useful or inventive. Westinghouse goes further: it seeks to *destroy* the BullDog patent, by a declaratory judgment of invalidity, and seeks to *prevent* BullDog from using or asserting its patent, by a request for an injunction against BullDog. In such a proceedings, it becomes important to determine the effect on the public interest of a grant to Westinghouse of that sort of relief, a decree of invalidity and an injunction against BullDog of its patent, as contrasted from a decree of non-infringement or a decree that certain defenses have been sustained by Westinghouse.

It is important to recognize the duality of Westinghouse's role and to note that it is because Westinghouse seeks to destroy BullDog's patent and to enjoin its use, that BullDog presents the defenses of public interest, and urges such matters to be material.

Dual Aspects of Public Interest

By this time it has become settled law that patents will not be enforced when to do so maintains an illegal monopoly and dominance, because it is feared, and properly so, that the public interest is prejudiced by the use or enforcement of a patent to sustain that illegal monopoly.

We urge that in some cases, as here, the public interest will likewise be prejudiced when, at the request of the one who seeks to maintain an existing monopoly, the patent of a smaller manufacturer competing with that monoply, is destroyed. We urge that in some cases, as here, as where the patent is a bulwark of the smaller company against that monopoly, it is contrary to the public interest to destroy that patent at the request of one who seeks to maintain an existing monopoly, because doing so would remove the only bulwark of the smaller company against the destructive advance of the monopoly towards complete dominance.

We assume that the conduct and effect of the monopoly is examined, in patent cases, not so much in order to help decide as between the two litigants, but in order to block further advance of the monopoly, and in order to promote progress and free competition, and in order to protect the public whose interest is prejudiced by illegal monopoly. We assume that what is often called the public interest defense, in patent litigation, is something more than a defense. It is a proper regard for the public interest.

Westinghouse here seeks to destroy the BullDog patent and enjoin BullDog's use of it. We have asserted that

the Westinghouse attempt is bottomed on a desire to keep and maintain the Westinghouse monopoly. We contend that, if Westinghouse succeeds in its efforts to destroy the BullDog patent and enjoin its use, the effect will be to destroy or hinder the competition recently introduced into the circuit breaker business by BullDog and which BullDog seeks to maintain open. We seek to show that the destruction of the patent will have that effect on the public; and that a denial of the right to show why Westinghouse seeks to destroy the BullDog patent and enjoin its use will be prejudicial to the public interest.

We do not seek, at this time, permission to examine and determine the conduct of Westinghouse. BullDog already has that right, as a defendant in a patent infringement suit brought by the same Westinghouse on circuit breaker patents of Westinghouse against the same BullDog in West Virginia, this suit having been brought by Westinghouse in West Virginia only a few weeks before it filed its Declaratory Judgment of Counterclaim in New York, the instant proceedings.

By its Reply in New York, BullDog seeks merely the right to make the New York Courts aware of the Westinghouse monopoly and illegal dominance in the circuit breaker business in order that the New York Courts understand and appreciate the effect on the public of the attack by Westinghouse against the BullDog patent and BullDog's use of it. *To deny the New York Court that knowledge which must necessarily be presented to the West Virginia Court, seems to tie the hands not only of BullDog, but also of the New York Court, to keep that Court ignorant while the other Court is advised of the facts.*

We urge that the public has as much of an interest in the New York action, where Westinghouse seeks to maintain its illegal monopoly by destroying a BullDog patent on circuit breakers, as the public has in the West Virginia action, where Westinghouse seeks to preserve its illegal monopoly in circuit breakers by seeking to enforce its own patents on circuit breakers against BullDog.

The District Court's order forecloses the use of the evidence as to the monopolistic conduct of Westinghouse in circuit breakers from the New York action. To that extent, therefore, it eliminates one major, indeed paramount, issue, public interest; and may have the effect of eliminating it forever and finally from this case. It may be assumed that the same District Court which refuses to permit BullDog to *plead* public interest would, as a matter of course, refuse to permit BullDog to *offer evidence* of the public interest.

Now there is no justification for the assumption that public interest is synonymous with destroying a patent. Sometimes public interest can be better served by enforcing patent rights. It is our contention that in patent cases, the public interest should be examined to determine whether or not that interest is best served by enforcing a patent or not enforcing it, destroying it or not destroying it, issuing it or not issuing it. We contend that if it is shown that the public interest in this case is best served by not destroying the patent at the request of the respondent, then the patent should not be destroyed; and if it is decided that the patent should not be destroyed, then it necessarily follows that the patent should not be examined at the request of the respondent with a view to destroying it.

The question comes down to this: —whether the owner of a patent may show the monopolistic purposes of the owner of numerous patents in attempting, by declaratory judgment action, to destroy that single competitive patent, eliminate it from the field, and enjoin its use.

Public Interest Has Been Shut Out

The peculiar manner in which this question is raised, namely, in a proceedings where we test the appealability of an order striking paragraphs from a pleading, may seem narrow but is really most vital to the public interest. BullDog, thus far, has not had an opportunity to show the public interest and the facts of public interest. The District Court shut the door by striking the public interest matters from the pleadings. The Circuit Court of Appeals shut the door just as effectively by dismissing the appeal for want of jurisdiction. We are left with the admonition, on the one hand, that we must represent the public interest adequately, and, on the other hand, with the actions of the District Court and of the Circuit Court of Appeals *which have the effect of preventing us even from pleading the facts of public interest.*

Even where belatedly presented, the public interest questions have been accepted for examination. How much more is it desirable to stay all other examinations, such as examinations of the technical patent issues, until the public interest questions are appraised, and the Court advised that the destruction of the patent is but a part of a monopolistic scheme.

This is the procedure approved by this Court, as in the *Morton Salt Case, supra,* where the public interest questions were reviewed at the outset, and the case disposed of, and the public's interest protected, not only before examination of the patent but without any examination whatever of the patent.

The Ruling of the Circuit Court of Appeals Is Definitely In Conflict With the Rulings of This Court

This Court has ruled that appeal lies from an order of a District Court staying or refusing to stay a law action until an equitable defense is tried, the order being considered as an injunction or a refusal of an injunction. In the instant case, the issues of infringement, invention, utility, novelty, are law issues, triable by jury upon proper request, and the public interest defenses are equitable defenses, akin to fraud or arbitration. An order refusing to stay the trial on the law issue, infringement, until after the equitable issue, public interest, is tried, is comparable to the orders of the cases below which were held, by this Court, to be appealable.

In *Enelow v. New York Life Insurance Company, supra,* an action on a contract of insurance was stayed by the District Court until a fraud defense could be tried in equity. This Court ruled that an order of this character, staying the action until the equity defense could be tried, was an order granting an injunction and therefore, although interlocutory, appealable to the Circuit Court of Appeals under Section 129, J. C. Of course, whether the injunction be granted or denied is immaterial, it being only important to determine that it was an injunction that

was concerned in the order. In the *Enelow case,* this court stated that it mattered not that the equity and law proceedings were pending in the same Court.

In *Shanferoke v. Westchester, supra,* the District Court denied a stay of a contract action until an arbitration, required by the contract, was had. This Court held that the refusal of the District Court to stay the contract action was a refusal of an injunction and therefore appealable under Section 129. This Court indicated that the arbitration defense is an equitable defense.

It remains for this Court to determine here that the public interest defense or the unclean hands defense, is an equitable defense or cross-bill within the meaning of Section 274B, akin to the arbitration defense.

We here point out that the appeal to the Circuit Court of Appeals in this case was taken within thirty days of the entry of the District Court's order. The appeal was noticed September 5, 1944, whereas the District Court's order was entered August 17, 1944.

There Is a Public Interest In the Right and Duty To Raise the Question of Public Interest

The attempt of this Petitioner to raise questions which vitally affect the freedom of competition and which the public interest defense in patent cases seeks to preserve has been met with obstacles at every turn, as the record in this case discloses. The Appendix to this Petition briefly refers to the Record on a Motion for Leave to File Petition for Writ of Mandamus previously before this Court.

It may be of the utmost public interest, itself a separate ground for granting this writ, to know whether, by the instrumentality of the Declaratory Judgment procedure, the public interest defenses may be completely eliminated from litigation even though its purpose is to foster and maintain monopoly.

CONCLUSION

The order of the District Court eliminated the misuse, unclean hands or public interest defense from this patent litigation and, whether or not set aside at this time, should at least be regarded as a refusal of an injunction and therefore appealable under Section 129, J. C., so that the bar, which is required to represent the public interest adequately should be given the assistance of this Court in its attempt so to do.

In addition to its prayer for writ of certiorari, petitioner prays for such other relief as may be appropriate to the ends of justice, and that this petition be deemed as a request for such other relief in the premises.

Respectfully submitted,

ABRAHAM J. LEVIN,
Attorney for Petitioner,
BullDog Electric Products Co.

DANIEL G. CULLEN,
Of Counsel.

APPENDIX

In a different sense, and in a different manner, and upon different orders of the Court, petitioner has previously attempted to present to this Court the issue now under consideration. We refer to a motion by the petitioner here for leave to file a petition for Writ of Mandamus in the case of *BullDog Electric Products Co. v. The Honorable Clarence G. Galston, Judge,* No. ....., October Term, 1943, which motion was denied by this Court on May 29, 1944.

Briefly, the relevant facts were these: Before filing its Reply to the Counterclaim of Westinghouse, BullDog filed a Motion to Dismiss the Counterclaim, based upon affidavits showing the purposes and effects of the Counterclaim, as being contrary to the public interest. The District Court, in denying that motion of BullDog to dismiss the counterclaim, indicated that the defense of unclean hands, though it might be available to an accused infringer, was not available "to serve the owner of a patent who threatened suit against a defendant whom he charges generally with unclean hands."

BullDog, thereupon, sought to have this Court issue a Mandamus directing Judge Galston to set aside his order of dismissal of that BullDog motion, and to consider that motion on the merits, contending then, as now, that the defense of unclean hands should be available to a patent owner equally as to an accused infringer, who is an aggressor seeking to maintain a monopoly by seeking to de-

stroy a competitor's patent. However, this Court denied BullDog's motion for leave to file the petition for Writ of Mandamus but did not indicate its reason. Whereas, Mandamus is an extraordinary remedy, Certiorari is the usual procedure involved for raising such questions as are raised in this Petition.

* * * *

Since the above petition was prepared for printing, the Hon. Grover M. Moscowitz, Judge of the United States District Court for the Eastern District of New York, at the same time that he handed down an opinion denying a motion by respondent, Westinghouse, for summary judgment in its favor on the counterclaim, which motion is based on patent questions, handed down an opinion denying a motion of the counter-defendant, BullDog, for leave to take depositions in opposition to the Westinghouse motion.

Such opinion further indicates the view of several district judges on the right of a patent owner to plead and prove questions of public interest and is but one of several opinions along the same lines rendered in this district in this suit.

A copy of the said opinion (not yet reported) is annexed hereto.

UNITED STATES DISTRICT COURT

Eastern District of New York

BullDog Electric Products Co.,
Plaintiff,
—against—
Cole Electric Products Co., Inc.,
and Westinghouse Electric
& Manufacturing Company,
Defendants.

Civil No. 2726.
December 20, 1944.

Morris Hirsch,
Dean, Fairbank & Hirsch,
Attorneys for Plaintiff.

Daniel G. Cullen,
Abraham J. Levin,
Of Counsel.

Thomas J. Byrne,
Cooper, Kerr & Dunham,
Attorneys for Defendant,
Westinghouse Electric & Manufacturing Company.

Victor S. Beam,
Thomas J. Byrne,
Ralph H. Swingle,
Of Counsel.

Levisohn, Niner & Levisohn,
Attorneys for Defendant,
Cole Electric Products Co., Inc.

Moscowitz, D. J.

The plaintiff has made a motion herein for leave to take depositions in opposition to a motion made by one of the

defendants, Westinghouse Electric and Manufacturing Company, for summary judgment on its counterclaim.

The relief sought by the defendant is for summary judgment adjudicating plaintiff's patent No. 2,235,770 invalid.

Plaintiff's purpose in seeking the depositions is to establish that the defendant has "unclean hands." Both Judge Galston on February 28, 1944, and Judge Abruzzo on August 11, 1944, have decided in this same case that where the defendant, as here, is seeking to establish the invalidity of plaintiff's patent, plaintiff is not permitted to assert as a defense that the defendant is acting with "unclean hands." This is the law of the case and is therefore binding upon this court. See Mutual Life Insurance Co. v. Hill, 193 U. S. 551, 554.

It would be unseemly for a judge of coordinate jurisdiction to review the decisions of his associates even if such views were in conflict with his own and this court expresses no such view.

Judge Galston very aptly points out that:

> "If the Westinghouse Company were seeking to enforce in this counterclaim one of its own patents, the doctrine of unclean hands might be available to a defendant; but the doctrine has not yet been extended to serve the owner of a patent who threatens suit against a defendant whom he charges generally with unclean hands. The motion is wholly without merit and must be denied."

A particular act or acts establishing "unclean hands" may be asserted as a defense only in an instance where the party guilty thereof seeks an adjudication of its right with respect to which the "unclean hands" occurred. See *Keystone Driller Co. v. General Excavator Co.*, 290 U. S. 240, 245. The doctrine of "unclean hands" may be asserted

against the owner of a patent seeking to assert its validity. That is not the case here. Even if the "unclean hands" doctrine were asserted against the defendant, it would avail the plaintiff naught.

The motion to take depositions is denied.

Settle order on notice.

Grover M. Moscowitz,
U. S. D. J.

(10)

Supreme Court of the United States

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vs.

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Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

DRURY W. COOPER,
VICTOR S. BEAM,
THOMAS J. BYRNE,
Counsel for Respondent.

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Statement

A brief statement of the facts appears to be necessary.

The complaint in the action is for alleged infringement of several letters patent of the United States relating to bus duct equipment and accessories. Bus duct is a metal conduit in which electrical conductors—wires or copper strips—extending through buildings are housed. Bus duct is usually provided with openings so that circuit breakers or other switches may be inserted therein to take off electric current where desired.

The complaint states an action in equity. No notice of the trial by jury of any issue thereunder was filed (Rule 38 of the Rules of Civil Procedure).

Respondent filed answer to the complaint and interposed an equitable counterclaim (R. 9-13) under the Declaratory Judgment Act (Section 274d of the Judicial Code; 28

U. S. C. A. § 400). Petitioner admits that the counterclaim is an equitable one (petition p. 3). It discloses that petitioner had notified respondent in 1942 of its United States patent No. 2,285,770 and declared that certain claims thereof were infringed by the "Multi-Breaker" circuit breaker constructions of respondent (R. 25), and that no action had been brought by petitioner against respondent for infringement of patent No. 2,285,770. A justiciable issue was created by petitioner when it asserted infringement upon the patent. Petitioner could have sued respondent for infringement thereof in this action brought in 1942, but it did not do so. Consequently, respondent instituted its counterclaim, praying for a decree that petitioner's patent No. 2,285,770 is invalid and void, that respondent has not infringed thereon and for an injunction restraining petitioner, *inter alia*, from instituting or continuing any action for alleged infringement of said patent against respondent, any jobber, dealer or user of any apparatus made and sold by respondent or from advertising, notifying the trade or public that respondent has infringed upon said patent by the manufacture, use or sale of electric circuit breakers.

Petitioner interposed a reply (R. 18-24) to the counterclaim in which it traversed the allegations thereof but admitted that it "believes that an actual and substantial controversy exists between plaintiff and defendant" (R. 19).

Petitioner averred that respondent is not entitled to the relief requested under the counterclaim because in the conduct of its business in the manufacture and sale of circuit breakers it has "illegally and unlawfully" restrained the design of circuit breakers, demanded and required that purchasers of "Multi-Breakers" purchase boxes and other unpatented parts as a condition to their purchase of "Multi-Breakers", controlled the design and sale of "Multi-Breakers", &c., and prayed that if respondent's counterclaim be

not dismissed judgment be entered declaring petitioner's patent No. 2,285,770 to be infringed as to certain claims thereof by the Multi-Breaker circuit breakers of respondent (R. 24).

Petitioner also averred (R. 22-23) that the District Court does not have jurisdiction or right "to enter a decree adjudicating a patent regularly issued by the Patent Office of the United States void or invalid" and that therefore respondent is not entitled to the relief for which it prays.

Respondent does not seek adjudication of any right as to any of its property under the counterclaim. It merely seeks adjudication of the issues of validity and infringement of its patent raised by petitioner and as to which petitioner failed to act.

Acts and conduct of respondent with respect to its patents or the manufacture and sale of its circuit breakers are not involved in the counterclaim.

Petitioner moved in the District Court to dismiss the counterclaim. The motion was denied (petitioner's brief p. 15).

After plaintiff had replied to the counterclaim respondent made a motion (R. 26-27) in the District Court to strike from the reply the portions relating to the unclean hands imputed to respondent. The motion was granted (R. 27-30).

An appeal from that order (R. 29-30) was taken to the United States Circuit Court of Appeals for the Second Circuit and it was dismissed on motion of respondent (R. 31) on the ground that no appeal lay from the order of the District Court.

Petitioner moved in the District Court for permission to examine respondent as to its purported unclean hands. The motion was denied (Appendix to petitioner's brief pp. 14-16).

The instant petition is moot, in view of the admissions of petitioner. It states (brief p. 6) that

> "We do not seek, at this time, permission to examine and determine the conduct of Westinghouse."

Petitioner further states (brief p. 6):

> "* * * Bulldog seeks merely the right to make the New York Courts aware of the Westinghouse monopoly."

Summary of Argument

1. The District Court did not refuse or grant a stay of an action at law pending determination of an equitable defense.

2. The order of the District Court is not appealable.

3. The defense of unclean hands of respondent is not available to petitioner in this action.

4. Grant of petition would not serve any purpose.

5. The counterclaim of respondent is well founded in law and in fact.

6. Patents may be adjudged to be invalid.

Argument

I

The District Court did not grant or refuse to grant a stay of an action at law pending determination of an equitable defense.

The complaint in this action sets forth an equitable action. Petitioner did not demand a trial by a jury of any issue thereunder in compliance with Rule 38 of the Rules of Civil Procedure.

The counterclaim of respondent is an equitable action. This is admitted by petitioner (petition p. 3).

Petitioner argues that the question presented (petition p. 6) is that the action of the District Court in granting

the motion of respondent to strike from the reply of petitioner the alleged unclean hands acts of respondent in effect refused to stay the patent issues pending determination of the alleged issue of unclean hands and therefore denied an injunction. But there was neither stay nor application for a stay.

The question propounded by petitioner is not on sound ground. Both the original complaint and the counterclaim are equitable actions. This fact alone warrants denial of the petition for writ of certiorari for had the defenses been proper they could have been tried and determined without any stay and no stay was sought.

The position of petitioner is predicated upon the decisions of this Court in *Enelow* v. *New York Life Insurance Co.*, 293 U. S. 379, and *Shanferoke Coal & Supply Corp.* v. *Westchester Service Corp.*, 293 U. S. 449, but neither is in point.

Enelow v. *New York Life Insurance Co.:* This action was one at law for recovery under a life insurance policy. Defendant advanced an affirmative defense that the policy was obtained "by means of false and fraudulent statements in the decedent's application which was made a part of the policy". The insurance company presented a petition asking that the "equitable issue" be tried in advance of the trial by jury of the legal issues. It relied upon Section 274b of the Judicial Code (28 U. S. C. A. § 398), which provides for the interposition of equitable defense in an action at law. This Court pointed out that when an order is made under Section 274b of the Judicial Code, requiring, or refusing to require, that an equitable defense shall first be tried,

> "* * * the court, exercising what is essentially an equitable jurisdiction, in effect grants or refuses an injunction restraining proceedings at law precisely as if the court had acted upon a bill of complaint in a separate suit for the same purpose."

This Court pointed out that the defense of fraud is available in an action at law; that the petition for a hearing and determination in equity in advance of the trial of the action at law should have been denied, and it reversed and remanded the action to the District Court "with directions to vacate its order for a hearing in equity and to proceed with the trial of the action at law".

Shanferoke Coal & Supply Corp. v. *Westchester Service Corp.:* The defendant in this action at law agreed to purchase from plaintiff a large quantity of coal to be taken in instalments throughout a period of years and, after accepting part of the coal, repudiated the contract. The defendant interposed a special defense that prior to the commencement of the action it had notified plaintiff of its readiness and willingness to submit the dispute to arbitration in accordance with provisions of the contract. Defendant moved for a stay in the action until an arbitration should be had. The District Court denied the motion. The United States Circuit Court of Appeals for the Second Circuit reversed the ruling of the District Court and directed it to grant the stay. This Court pointed out that the order denying the stay was not a final judgment and appealable under Section 128 of the Judicial Code (28 U. S. C. A. 225), but, being an interlocutory order, was appealable to the Court of Appeals under Section 129 of the Judicial Code (28 U. S. C. A. 227) "if the denial of the stay should be deemed the denial of an injunction."

This Court also stated

> "that the special defense setting up the arbitration agreement is an equitable defense or cross-bill within the meaning of § 274b [of the Judicial Code]; and that the motion for a stay is an application for an interlocutory injunction based on the special defense."

The ruling of the Court of Appeals was affirmed.

In the case at bar both the original complaint and counterclaim set forth equitable actions. The decisions of this Court relied upon by petitioner do not support its expressed position for the cogent reason that its premise is improperly founded. The decisions of this Court relied upon do not aid petitioner. They are neither controlling nor helpful.

II

The order of the District Court (R. 29-30) is not appealable.

Petitioner states that the "issue here presented" is "narrowed to the right to appeal upon the order to strike" (petition p. 5).

This order struck from the reply to the counterclaim certain portions thereof—the averred unclean hands of respondent. All issues under the counterclaim are raised by the portions of the reply which were not stricken. No injunction was granted or denied with respect to the counterclaim. No stay as to any part thereof was granted or denied.

Final decisions may be reviewed under Section 128 of the Judicial Code (28 U. S. C. A. § 225).

Where "upon a hearing in a district court" an injunction "is granted, continued, modified, refused, or dissolved by an interlocutory order or decree" or "an application to dissolve or modify an injunction is refused" review may be had (Section 129 of the Judicial Code; 28 U. S. C. A. § 227).

Where in an action at law an equitable defense is interposed pursuant to Section 274b of the Judicial Code (28 U. S. C. A. § 398), and a stay of a trial at law is granted pending hearing and determination as to equitable defenses, an appeal may be allowed under the provisions of Section 129 of the Judicial Code (28 U. S. C. A. § 227).

Enelow v. *New York Life Insurance Co.*, 293 U. S. 379.

The order of the District Court is not a final determination of any issue in the case; it does not grant or refuse or affect an injunction and it does not stay a law action pending determination of an equitable defense. Therefore, there was no statutory basis for petitioner's appeal to the Court of Appeals, or any basis for the instant petition.

Ex parte Tiffany, 252 U. S. 32, 36.
Radio Corporation of America v. *J. H. Bunnell Co., Inc.*, 298 Fed. Rep. 62, 63, C. C. A. 2.

III

The defense of unclean hands of respondent is not available to petitioner in this action.

Respondent is not presenting for determination any right with which it is vested. It is not suing in this case upon its patent, but is defending against one owned by petitioner. It is in full effect the defendant under the counterclaim.

Unclean hands of respondent in connection with its business in the manufacture and sale of circuit breakers has no bearing or effect in the action at bar.

In *National Bank & Loan Co.* v. *Petrie*, 189 U. S. 423, this Court said (p. 425) that a

> "person does not become an outlaw and lose all right by doing an illegal act."

The rule is that unclean hands of a litigant may be availed of against him where acts constituting unclean hands *relate to the right sought to be enforced.*

In *Keystone Driller Co.* v. *General Excavator Co.*, 290 U. S. 240, this Court stated the rule. It said (p. 245):

> "But courts of equity do not make the quality of suitors the test. They apply the maxim requiring

> clean hands only where some unconscionable act of one coming for relief *has immediate and necessary relation to the equity that he seeks in respect of the matter in litigation.* They do not close their doors because of plaintiff's misconduct, whatever its character, that has no relation to anything involved in the suit, but only for such violations of conscience as in some measure affect the equitable relations between the parties in respect of something brought before the court for adjudication, Story, id., § 100." (Emphasis ours.)

There is no causal or other relation between the questions of validity and infringement of the petitioner's patent raised by the counterclaim and the conduct of respondent.

IV

Grant of petition would not serve any purpose.

In petitioner's brief which accompanies its petition (p. 6) it is stated:

> "*We do not seek, at this time, permission to examine and determine the conduct of Westinghouse.*
>
> * * * * * *
>
> "By its Reply in New York, *BullDog seeks merely the right to make the New York Courts aware of the Westinghouse monopoly* and illegal dominance in the circuit breaker business in order that the New York Courts understand and appreciate the effect on the public of the attack by Westinghouse against the BullDog patent and BullDog's use of it." (Emphasis ours.)

Petitioner states (appendix to its brief, p. 12) that it heretofore filed with this Court a motion for leave to file petition for writ of mandamus to Honorable Clarence G. Galston of the District Court of the United States for the Eastern District of New York with respect to its motion to dismiss the counterclaim of respondent, and that such leave was denied.

Petitioner also moved in the District Court for leave to take depositions as to the alleged unclean hands of respondent. The opinion of Honorable Grover M. Moscowitz denying said motion is included in the appendix to petitioner's brief (pp. 14-16). Petitioner now states that "permission to examine and determine the conduct of Westinghouse" is not sought.

In view of this position of petitioner there is nothing to be determined by the petition.

V

The counterclaim of respondent is well founded in law and in fact.

Petitioner notified respondent of its patent No. 2,285,770 and of claims thereof which "we believe are infringed by your Multi-Breaker constructions" (R. 25). "Multi-Breaker" is the trade name or trade mark of respondent for particular circuit breakers.

Petitioner did not institute an action against respondent for the asserted infringement upon said patent. It could have done so in the instant action.

Consequently, respondent instituted its counterclaim wherein it seeks declaration or decree that petitioner's patent is invalid or that it is not infringed by respondent. Petitioner admits that an actual controversy exists between the parties. In its reply to the counterclaim of respondent it stated (R. 19):

> "The plaintiff believes that an actual and substantial controversy exists between plaintiff and defendant."

In *Aetna Life Insurance Co.* v. *Haworth et al.*, 300 U. S. 227, this Court had before it an action brought under the Declaratory Judgment Act. In its opinion it stated (p. 240):

> "A 'controversy' in this sense must be one that is appropriate for judicial determination. *Osborn* v.

United States Bank, 9 Wheat. 738, 819. *A justiciable controversy* is thus distinguished from a difference or dispute of a hypothetical or abstract character; from one that is academic or moot. *United States* v. *Alaska S.S. Co.*, 253 U. S. 113, 116. The controversy must be definite and concrete, touching the legal relations of parties having adverse legal interests. *South Spring Gold Co.* v. *Amador Gold Co.*, 145 U. S. 300, 301; *Fairchild* v. *Hughes*, 258 U. S. 126, 129; *Massachusetts* v. *Mellon*, 262 U. S. 447, 487, 488. It must be a real and substantial controversy admitting of specific relief through a decree of a conclusive character, as distinguished from an opinion advising that the law would be upon a hypothetical state of facts." (Emphasis ours.)

See also:

Maryland Casualty Co. v. *Pacific Coal & Oil Co.*, 312 U. S. 270.

In *Dewey & Almy Chemical Company* v. *American Anode, Inc.*, 137 F. (2d) 68, the Court of Appeals for the Third Circuit had before it an action founded upon the Declaratory Judgment Act. The District Court dismissed the action but the Court of Appeals reversed.

The opinion discloses that no notice of infringement of the patent involved was given or threat to sue made by the patent owner, American Anode, Inc., but the Court pointed out that this fact is "not conclusive of the problem".

American Anode (defendant) did not learn until the complaint was filed that the plaintiff (Dewey & Almy Chemical Company) was practicing the "coagulant-dip process". The Court said that this fact "does not negative the existence of a case of actual controversy between them".

American Anode brought an action at Chicago in which it asserted infringement of the patents involved. The Court pointed out that thereby American Anode, Inc. "asserted such a scope for its patent claims as to embrace

the similar methods practiced commercially by Dewey & Almy". In its opinion the Court said (p. 71):

> "Anode's suit against the Lee-Tex Company, with the broad scope asserted therein for its patent claims, constitutes equally effective notice to whom it may concern that they practice the process at their peril. In thus using the patent as a legal as well as an economic weapon Anode has put Dewey & Almy in the position where it must either (1) abandon the use of the process, (2) accept a license on terms which it deems disadvantageous, or (3) persist in piling up potential damages against the day when it may fit Anode's purposes to bring an infringement suit against it."

This Court denied a petition for writ of certiorari (320 U. S. 761).

There is no doubt that in fact and in law an actual controversy exists between petitioner and respondent with respect to the patent of petitioner, No. 2,285,770, and that the counterclaim of respondent is well founded.

VI

Patents may be adjudged to be invalid.

Petitioner averred that the District Court is without power to adjudge a regularly issued patent to be void or invalid (R. 22). There is no basis for the petitioner in this assertion, since the court of first instance has not yet passed upon the merits.

It is stated by petitioner (brief p. 5) that "public interest" will be prejudiced if a patent of "a smaller manufacturer" is "destroyed"—decreed to be invalid.

Further (brief p. 7) that "public interest" may be "best served by enforcing a patent or not enforcing it, destroying it or not destroying it, issuing it or not issuing it".

The views of petitioner are anomalous. An invalid patent should be held to be invalid. Public interest is not served by any other course.

The Federal Courts in determining patent infringement cases have been holding patents to be invalid for a hundred years.

In *The Maytag Company* v. *Hurley Machine Co., et al.*, 307 U. S. 243, for example, as well as in many cases both recent and ancient, this Court held the patent involved to be invalid.

Conclusion

It is submitted that the petition for writ of certiorari should be denied.

DRURY W. COOPER,
VICTOR S. BEAM,
THOMAS J. BYRNE,
Counsel for Respondent.

IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1944

No. 912

BULLDOG ELECTRIC PRODUCTS CO.,
Petitioner,

v.

WESTINGHOUSE ELECTRIC AND MANUFACTURING COMPANY,
Respondent.

REPLY BRIEF FOR PETITIONER IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

1. Respondent asserts that the action of the District Court in striking the equitable or unclean hands defenses, raised by the petitioner, does not refuse a stay of an action at law. This contention is without merit since the declaratory judgment counterclaim brought by respondent, and as to which the equitable defenses of unclean hands were urged by petitioner, prays for "an injunction restraining petitioner, *inter alia,* from instituting or continuing *any* (this italics ours) action for alleged infringement of said patent against respondent, any jobber, dealer or uses * * *." (Quoting from page 2 of Brief for Respondent.)

Petitioner could have instituted any action, including an action at law, against respondent for infringement of the patent attacked by respondent's counterclaim for declaratory judgment. Petitioner could have had the patent tried in an action at law. Respondent seeks to enjoin any action, including an action at law, and in effect, seeks to enjoin the trial of the patent at law. Petitioner seeks to have the equitable defense of unclean hands tried with, or before, the patent trial takes place. The order of the District Court prevents the patent trial from being stayed and thus eliminates the possibility of an action at law being tried after the equitable defense has been tried.

This has the effect of converting the declaratory judgment procedure into a means of depriving a defendant *for all time* (if such decree is not appealable) of his right to plead an equitable defense, and not only refuses to stay but actually cuts off the right to an action at law.

2. At page 9, respondent quotes from our brief as follows:

> "We do not seek, at this time, permission to examine and determine the conduct of Westinghouse.
>
> "By its Reply in New York, BullDog seeks merely the right to make the New York Courts aware of the Westinghouse monopoly and illegal dominance in the circuit breaker business in order that the New York Courts understand and appreciate the effect on the public of the attack by Westinghouse against the BullDog patent and BullDog's use of it."

in an effort to establish the petition as moot and purposeless.

This effort by respondent distorts the obvious meaning of the statement in its context—which is—merely that

this petition does not seek particular relief as to the right to take depositions, but rather seeks the greater right—to preserve the right to plead and prove to the counterclaim—and to assert the stricken defenses.

Respectfully,

ABRAHAM J. LEVIN,
DANIEL G. CULLEN,
Counsel for Petitioner.

IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1944

No. 912

BULLDOG ELECTRIC PRODUCTS CO.,
a Corporation of West Virginia,
Petitioner,

v.

WESTINGHOUSE ELECTRIC AND MANUFACTURING COMPANY,
a Corporation of Pennsylvania,
Respondent.

PETITION FOR REHEARING

To the Honorable, the Chief Justice of the United States, and the Associate Justices of the Supreme Court of the United States:

Your Petitioner, BullDog Electric Products Co. (BullDog) respectfully prays that a rehearing be granted by this Honorable Court with respect to its petition for writ of certiorari which was denied by this Court on March 12, 1945.

STATEMENT

Subsequent to the filing of the petition for writ of certiorari, and the briefs relating to it, there issued from the District Court of the United States for the Northern District of West Virginia, in the related case of Westinghouse Electric and Manufacturing Company, Plaintiff, v. BullDog Electric Products Co., Defendant, Civil Action File No. 229-W, an order signed by United States District Judge, the Honorable W. E. Baker, a copy of which is found in the appendix at the end of this petition, which materially changes the position of the parties, BullDog and Westinghouse, in their circuit breaker patent litigation.

That order of the District Court stayed all proceedings in the West Virginia action, wherein Westinghouse, as plaintiff, sued for patent infringement against BullDog, defendant, on electrical circuit breakers, until determination of the New York proceedings, wherein the same Westinghouse, by its counterclaim for declaratory judgment, attacks and seeks to have declared invalid a certain BullDog patent on electrical circuit breakers*

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*BullDog has attempted to consolidate into one forum the two parts of the circuit breaker controversy between the parties, giving Westinghouse the choice of forum, but without success. See *BullDog Electric Products Co. v. Cole Electric Products Co. and Westinghouse Electric & Mfg. Co., 63 U. S. P. Q. 41.*

ARGUMENT

Up to the time of the West Virginia order, which issued March 2, 1945, BullDog had a right, in the West Virginia suit, to proceed to establish the monopoly, illegal use of patents, and illegal dominance in the circuit breaker business by Westinghouse as a defense to the West Virginia patent infringement suit, in accordance with well-established doctrines. BullDog intended to offer the evidence obtained in the West Virginia action in defending itself against the New York counterclaim, even though BullDog assumed that the New York Court would probably refuse such offer in accordance with its prior action in striking from the BullDog reply to the New York counterclaim the allegation of illegal use of patents by Westinghouse and the illegal objectives of Westinghouse in the New York counterclaim. The West Virginia order, for the time being, may serve to close off BullDog's opportunity to obtain and make available such proof material and BullDog may be in the position of having no basis for obtaining such proof material; the stay of the West Virginia action may cut off one basis, and the striking of the defenses from the New York pleadings may cut off the other basis.

BullDog, therefore, earnestly requests this Court to announce to the parties that the public interest defenses are available to BullDog in the New York counterclaim, so as to enable the parties to test out the monopoly defense without first going through a complicated technical patent trial.

We deplore that which has actually happened in many patent cases, the most notable example of which concerns the very same Westinghouse of this case and concerns the very same line of business, circuit breakers. The case is the recent one of *Frank Adam Electric Company v. Westinghouse Electric and Manufacturing Company*, reported at *64 U. S. P. Q. 147*, decided January 11, 1945, by the Circuit Court of Appeals for the Eighth Circuit.

In that patent infringement case the defendant Frank Adam, prior to trial, sought leave to amend its answer to set forth the public interest defenses of circuit breaker monopoly and illegal use of circuit breaker patents by the plaintiff, Westinghouse. That motion for leave to amend and to plead the public interest defenses was denied because the motion was not timely made. Prior to trial, the defendant sought to take depositions relating to that defense, but the District Court limited the examination to exclude inquiry into the charge of unclean hands.

The parties went to trial on the six patents in suit and during the trial, the defendant offered to prove the illegal monopoly, but the District Court rejected the evidence, presumably on the grounds that the evidence was not within the framework of the pleadings from which was excluded reference to the unclean hands of Westinghouse, plaintiff. The patent trial went against the defendant, who thereupon appealed, and the Circuit Court of Appeals sent the case back to the District Court with instructions to try the unclean-hands issue and to receive the unclean-hands evidence which the District Court had rejected. *Now had the District Court accepted the unclean-hands evidence in the first place, and permitted the defendant to plead the public interest defenses, then there would not*

have been necessary the elaborate and arduous technical patent trial that can become a nullity in the event the District Court finds the public interest defense for the defendant.

It is to prevent exactly the same sort of thing from happening in this case that the petitioner herein asks this court now to declare whether or not illegal use of patents, monopoly, and illegal objectives of a declaratory judgment counter-plaintiff, shall be permitted to be an issue in a suit where one party, accused of monopoly in the circuit breaker business, seeks to enhance that monopoly by destroying outstanding patents of a smaller competitor in the same business, in order to pave the way for the monopolist to assert its own patents.*

We believe that the public interest is best served by a declaration from this Court now that a counter-defendant in a declaratory judgment proceedings shall be permitted to plead and prove the illegal objectives of the counter-plaintiff who brings the declaratory judgment proceeding to attack and destroy the patent of the counter-defendant.

Respectfully,

ABRAHAM J. LEVIN,
DANIEL G. CULLEN,
Counsel for Petitioner.

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*The other defenses of the stricken paragraphs of the reply need no comment at this time, since the public interest defenses alone are of sufficient moment.

APPENDIX

In the District Court of the United States for the Northern District of West Virginia

Westinghouse Electric & Manufacturing Company, Plaintiff, v. BullDog Electric Products Company, Defendant.	Civil Action File No. 229-W

This day, the Court having considered the three motions* heretofore submitted is of opinion that said motions should be held in abeyance awaiting a final decision of the case now pending in the District Court for the Eastern District of New York involving the same parties and a part of the same questions, that case having been instituted prior to the case in this district.

IT IS THEREFORE ORDERED that all proceedings in this action be and the same are hereby stayed, pending a final determination of the action in the Eastern District of New York, in which BullDog Electric Products Company is plaintiff and Westinghouse Electric & Manufacturing Company, et al., are defendants.

ENTER: March 2, 1945.

W. E. BAKER,
U. S. District Judge.

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*(By Counsel) 1. A motion by Westinghouse to dismiss BullDog's counterclaim in West Virginia, and to enjoin BullDog from proceeding on it in West Virginia. 2. A motion by BullDog to enjoin Westinghouse from proceeding in New York on its counterclaim there. 3. A motion by Westinghouse to strike certain paragraphs from BullDog's answer, in West Virginia, and for particulars regarding that answer.

(13)

Supreme Court of the United States

OCTOBER TERM, 1944

No. 912

BULLDOG ELECTRIC PRODUCTS CO.,
Petitioner,

against

WESTINGHOUSE ELECTRIC AND MANUFACTURING COMPANY,
Respondent.

MEMORANDUM FOR RESPONDENT IN OPPOSITION TO PETITION FOR REHEARING

DRURY W. COOPER,
VICTOR S. BEAM,
THOMAS J. BYRNE,
Counsel for Respondent.

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Supreme Court of the United States

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against

WESTINGHOUSE ELECTRIC AND MANUFACTURING COMPANY,

Respondent.

MEMORANDUM FOR RESPONDENT IN OPPOSITION TO PETITION FOR REHEARING

Since petition for rehearing of petitioner's petition for writ of certiorari was served upon us on March 17, 1945, it seems fitting that a reply be submitted. The petition for certiorari was denied on March 12, 1945.

The Petition for Writ of Certiorari

The petition for writ of certiorari was tendered with respect to a counterclaim interposed by respondent under the Declaratory Judgment Act (Section 274d of the Judicial Code; 28 U. S. C. A. § 400), which averred that patent of petitioner, No. 2,285,770, is invalid or not infringed by respondent. Petitioner had notified respondent of its patent and declared that certain claims thereof were infringed by the "Multi-Breaker" circuit breaker constructions of respondent; but no action had been brought by petitioner against respondent for infringement of that patent.

Issue was joined by the reply with respect to all proper issues under said counterclaim; but, on respondent's motion, the District Court struck from the reply certain provisions which sought to raise against respondent the issue of unclean hands.

Respondent is in full effect the defendant under the action tendered by its counterclaim. Respondent does not present for determination any right with which it is vested. It is not suing in this action upon any of its letters patent. It is simply defending against a patent owned and asserted by petitioner.

Unclean hands as a defense to an action brought by a party may be maintained *only* where the unclean hands "has *immediate and necessary relation to the equity that he* [the plaintiff] *seeks in respect of the matter in litigation*".

> *Keystone Driller Co.* v. *General Excavator Co.*, 290 U. S. 240 at 245.

Obviously, respondent's alleged unclean hands with reference to its own patents has no such relation to its suit to nullify one of ~~respondent's~~ petitioner's patents.

The Petition for Rehearing

The petition for rehearing is predicated upon an order which was entered in an action brought by respondent against petitioner in the District Court of the United States for the Northern District of West Virginia for infringement of several letters patent, Civil Action File No. 229-W, which order stayed all proceedings in said West Virginia action pending determination of the action, under the counterclaim, which is the subject of the instant motion for rehearing of petition for writ of certiorari.

Summary of Argument

1. The defense of alleged unclean hands of respondent is not available to petitioner in this action.

2. There is no justification in fact or in law for the grant of the petition and no useful purpose would be served thereby.

Argument

I

The defense of alleged unclean hands of respondent is not available to petitioner in this action.

The fact that the District Court of the United States for the Northern District of West Virginia stayed the action pending before it and which was brought by respondent against petitioner for infringement of letters patent of respondent "pending a final determination" of the action—the counterclaim in Eastern District of New York—presently before this Court, is not helpful to petitioner. Petitioner is asserting rights under its patents and seeks adjudication thereof. Any unclean hands of respondent with respect to its own patents made the basis of the West Virginia action may be tendered therein, but the defense is not proper in the action in the Eastern District of New York wherein respondent asserts that a patent owned by petitioner is invalid or not infringed.

See

Keystone Driller Co. v. *General Excavator Co.*, 290 U. S. 240 at 245.

The stay of the West Virginia action merely postpones adjudication of the issues in that action. Petitioner is not affected injuriously by the stay with reference to anything

in the New York case. On the other hand, petitioner is favored for the reason that it may continue its invasion of the rights of respondent asserted in the West Virginia case until the action may be tried and determined.

II

There is no justification in fact or in law for the grant of the petition and no useful purpose would be served thereby.

The stay of the West Virginia action does not affect any right or defense of petitioner. It merely results in postponement of adjudication with respect to any proper defense that petitioner may present.

The decision in *Frank Adam Electric Company* v. *Westinghouse Electric & Manufacturing Company*, 64 U. S. P. Q. 147, referred to by petitioner, is not helpful to it. In that action respondent sued Frank Adam Electric Company for infringement of letters patent and any unclean hands of respondent with respect to its letters patent sued upon in that action may, according to that decision, be tendered for determination, because respondent is seeking adjudication of its rights under letters patent. The situation therein is not the same as in the case at bar wherein respondent is in legal effect defendant with respect to plaintiff's patent No. 2,285,770.

In petitioner's brief which accompanied its petition for writ of certiorari it is stated (p. 6):

> "*We do not seek, at this time, permission to examine and determine the conduct of Westinghouse.*
>
> * * * * * *
>
> "By its Reply in New York, *BullDog seeks merely the right to make the New York Courts aware of the Westinghouse monopoly* and illegal dominance in the circuit breaker business in order that the New York

> Courts understand and appreciate the effect on the public of the attack by Westinghouse against the Bull-Dog patent and BullDog's use of it." (Emphasis ours.)

Petitioner now argues (p. 3) that it

> "intended to offer the evidence obtained in the West Virginia action in defending itself against the New York counterclaim, even though Bulldog assumed that the New York Court would probably refuse such offer."

Nothing of substance is offered by this argument. It is merely a restatement of the desire "to make the New York Courts aware of the Westinghouse monopoly".

Conclusion

It is submitted that the petition for rehearing should be denied.

DRURY W. COOPER,
VICTOR S. BEAM,
THOMAS J. BYRNE,
Counsel for Respondent.

(P-800)